



The Charlotte-Mecklenburg Hospital Authority

Office of General Counsel
704 355-3063
Fax 704 355-6330

May 27, 2011

Marvin A. Bethune, Esq.
Ruff, Bond, Cobb, Wade & Bethune, L.L.P.
831 E. Morehead Street, Suite 860
Charlotte, NC 28202

Dear Marvin:

At a meeting yesterday and in a letter delivered at the meeting (copy enclosed), Mecklenburg County Manager Harry Jones told Michael Tarwater that many of the recent data requests from County staff to Carolinas HealthCare System "were at the suggestion of a consultant engaged by the County to advise County staff on the mental health waiver process." Although I have enclosed with this letter an Attachment A with responses to several of the requests made by Dena Diorio, Director of Finance, Mecklenburg County, on May 18, 2011, I have not concluded that Carolinas HealthCare System is obligated to provide copies of the requested information under the Restated Consolidated Shared Programs Joint Undertaking Agreement ("Joint Undertaking Agreement") dated November 2, 2000.

As I mentioned in my letter to you dated May 20, 2011, Section III.E. of the Joint Undertaking Agreement sets forth a process for the County to engage a certified public accounting firm acceptable to Carolinas HealthCare System to perform annual reviews for the purpose of determining deficit funding for CMC-Randolph. Based on the comments by County Manager Jones at the meeting and in his letter, I must conclude that the County is not requesting data for purposes of the review contemplated under Section III.E. of the Joint Undertaking Agreement. Carolinas HealthCare System is currently providing to Mecklenburg County Area Mental Health ("AMH") data required by the State of North Carolina, as provided in Section III.C. of the Joint Undertaking Agreement. We are providing requested data in an effort to work cooperatively with the County, but I ask that you explain the County's basis for the requests under the Joint Undertaking Agreement.

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Please let me know if you have any questions about the responses in Attachment A. Also, you will notice that we need additional information in order to respond to the request in item 3.

In his May 26 letter, County Manager Jones writes that he has instructed his staff "not to comply" with my request to you that all future communications from Mecklenburg County related to the services provided to Mecklenburg County by Carolinas HealthCare System under the Joint Undertaking Agreement be directed to me. As I explained in my May 20 letter, we believe that having all information requests come through me will afford a central point of control to ensure timely response. We will continue to provide responses to requests from Mecklenburg County to you.

Sincerely,



Keith A. Smith
Senior Vice President and General Counsel

KAS/j

Attachment



MECKLENBURG COUNTY
Office of the County Manager

May 26, 2011

Mr. Michael Tarwater
Chief Executive Officer
Carolinas Healthcare System
P.O. Box 32861
Charlotte, NC 28232-2861

Dear Mike:

In anticipation of our meeting this afternoon, I would like to address an outstanding issue involving the May 20th letter from your General Counsel Keith Smith to County Attorney Marvin Bethune. In his letter Mr. Smith requests that all future communications from Mecklenburg County related to services provided to Mecklenburg County by Carolinas HealthCare System under the Joint Undertaking Agreement be directed to him. I take strong issue with this request.

I have instructed my staff not to comply with this request and to direct information requests to the most appropriate person on your staff. If County requests for information must be funneled through your attorney at your end, it is of no concern to the County, provided receipt of the requested information is not delayed.

I also want to be clear that General Manager Michelle Lancaster is the County employee responsible for the administration of the Joint Undertaking Agreement. I expect her to be treated as such, and I expect her requests for information under the contract to be promptly fulfilled. Additionally, Dena Diorio, Mecklenburg County Finance Director, is responsible for receiving and analyzing financial information related to the agreement, and I also expect her requests to be promptly fulfilled.

The Joint Undertaking Agreement currently involves approximately \$60 million in taxpayer funds, and Mecklenburg County intends to administer its provisions, and the provisions of all contracts, diligently. With the County's renewed focus on compliance issues, all County contractors should expect a high level of scrutiny by County staff.

The recent requests for information are required under the provisions of the Joint Undertaking Agreement, and are not indicative of County staff attempting to create difficulties for Carolinas HealthCare System. Many of the recent requests were at the suggestion of a consultant engaged by

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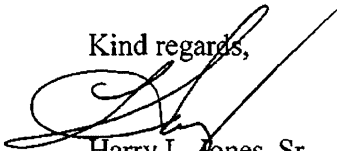
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the County to advise County staff on the mental health waiver process.

Over the years there have been chronic issues with CHS's providing information to Mecklenburg County under this agreement. Failure to provide certain information as required under the agreement can jeopardize State funding. I hope these issues are in the past.

For your information, I have attached a copy of Mr. Smith's letter to Mr. Bethune, and a copy of Ms. Diorio's letter to Mr. Gombar requesting certain information, which is referenced in Mr. Smith's letter. Additionally I have attached an April 27th letter from Carlos Hernandez to Laura Thomas requesting information under the contract. The information requested has not been provided..

Kind regards,

A handwritten signature in black ink, appearing to read "H. Jones, Sr.", written in a cursive style. The signature is positioned above the typed name and extends to the right.

Harry L. Jones, Sr.
County Manager

For Fiscal Year Ending 06/30/2011 (Through 03/31/2011)

Revenue Code	MEDICARE	MEDICAID	INSURANCE	SELF-PAY/OTHER	Grand Total
114	302,065.00	393,397.00	30,921.00	79,430.00	805,813.00
124	5,071,215.00	11,816,954.00	4,024,327.00	3,704,810.00	24,617,306.00
180	(13,050.00)	-	-	-	(13,050.00)
250	87,981.60	88,312.35	15,598.90	23,007.45	214,900.30
251	6,023.50	8,838.60	3,089.15	5,537.85	23,489.10
253	1,038.32	14,207.77	643.45	484,408.94	500,298.48
258	425.50	203.50	18.50	-	647.50
259	658,559.20	1,389,599.90	290,971.30	493,965.00	2,833,095.40
260	3,908.85	1,875.10	293.70	560.85	6,638.50
272	-	163.32	-	-	163.32
300	23,232.00	63,753.15	20,096.20	27,843.40	134,924.75
301	490,527.10	1,576,073.68	578,049.28	666,665.85	3,311,315.91
302	8,563.05	44,713.10	10,544.70	11,077.20	74,898.05
305	55,388.65	150,269.60	56,525.50	59,753.15	321,936.90
306	8,304.25	29,407.00	3,347.05	9,599.75	50,658.05
307	2,705.50	10,652.95	6,688.00	2,748.70	22,795.15
310	1,893.70	358.80	-	-	2,252.50
311	152.30	127.30	127.30	169.25	576.15
312	-	-	-	2,598.85	2,598.85
320	3,640.80	4,416.60	-	969.70	9,027.10
324	4,360.30	1,045.50	-	754.10	6,159.90
335	992.80	-	-	-	992.80
351	10,802.45	14,337.85	3,535.40	5,303.10	33,978.80
352	7,288.45	13,438.20	-	-	20,726.65
370	-	28,574.00	-	-	28,574.00
402	1,261.10	1,818.95	-	-	3,080.05
410	333.90	4,704.00	-	-	5,037.90
450	394,901.35	976,718.15	435,264.50	1,003,775.60	2,810,659.60
460	3,924.65	2,167.65	662.60	157.65	6,912.55
510	3,233.25	804.00	-	142.60	4,179.85
513	215,897.40	230,473.40	59,351.00	110,564.10	616,285.90
610	-	2,224.00	-	-	2,224.00
611	5,969.50	16,763.15	-	-	22,732.65
636	2,399,422.90	2,411,354.05	108,219.60	153,638.90	5,072,635.45
710	-	4,166.16	-	-	4,166.16
730	6,372.70	4,893.80	968.00	1,478.90	13,713.40
740	-	821.85	-	-	821.85
761	-	211.35	-	-	211.35
762	629,387.29	1,475,382.74	754,666.63	1,311,189.96	4,170,626.62
771	420.60	85.70	-	-	506.30
780	-	-	-	41.75	41.75
900	36,059.00	72,896.00	24,651.00	84,503.00	218,109.00
901	73,968.00	39,240.00	109,188.00	28,116.00	250,512.00
912	-	1,841,617.00	322,650.00	35,044.00	2,199,311.00
913	(56,650.00)	1,102,100.00	376,465.00	15,450.00	1,437,365.00
914	147,368.00	161,810.50	61,447.90	302,702.10	673,328.50
915	26,890.00	13,598.60	1,650.40	10,890.80	53,029.80
916	162.00	190.00	162.00	920.00	1,434.00
918	-	(12,017.80)	7,415.10	145,261.30	140,658.60
920	-	380.70	-	-	380.70
940	344,647.05	226,276.85	21,096.00	69,812.55	661,832.45
961	1,523,290.50	6,233,027.30	1,430,247.40	2,978,134.00	12,164,699.20
964	68,921.58	42,821.20	107,307.52	20,399.26	239,449.56
969	422,804.00	388,991.00	145,106.00	697,893.00	1,654,794.00
985	-	(24.30)	-	24.30	-
990	-	-	(5,314.00)	12,513.00	7,199.00
Grand Total	12,984,603.09	30,894,215.27	9,005,981.08	12,561,855.91	65,446,655.35

199,744.00 Non-STAR Clinic Revenue
65,646,399.35 Total FY 2011 Revenue
 (Through March 2011)

Note: Revenue Code = UB Billing Code

For Fiscal Year Ending 06/30/2010

Revenue Code	MEDICARE	MEDICAID	INSURANCE	SELF-PAY/OTHER	Grand Total
114	360,510.00	518,482.00	162,214.00	29,845.00	1,071,051.00
124	6,401,270.00	14,463,095.00	5,378,185.00	3,153,578.00	29,396,128.00
180	13,050.00	-	-	-	13,050.00
250	269,754.00	225,928.65	38,661.85	56,805.75	591,150.25
251	11,359.60	17,972.05	7,890.90	8,975.20	46,197.75
253	2,097.75	16,121.54	882.73	785,220.27	804,322.29
258	559.50	465.50	18.50	57.00	1,100.50
259	748,334.90	1,810,492.88	437,622.60	425,325.07	3,421,775.45
260	5,345.75	4,955.90	293.70	-	10,595.35
270	145.00	40.82	-	-	185.82
272	1,920.48	-	-	-	1,920.48
300	25,728.60	66,525.90	26,869.00	24,946.90	144,070.40
301	611,455.05	1,865,648.60	720,881.25	710,906.75	3,908,891.65
302	15,441.50	55,904.40	21,601.35	16,222.05	109,169.30
305	77,235.20	181,839.70	84,336.50	75,081.10	418,492.50
306	12,022.80	26,281.15	7,264.45	4,542.55	50,110.95
307	3,075.50	2,193.80	167.80	167.80	5,604.90
309	103.90	103.90	-	-	207.80
310	-	212.20	436.00	-	648.20
311	418.65	-	-	334.00	752.65
312	-	2,157.60	-	(619.20)	1,538.40
320	8,045.50	3,031.60	1,664.20	1,421.40	14,162.70
323	4,999.40	-	-	-	4,999.40
324	7,721.20	2,656.35	377.05	700.80	11,455.40
340	469.80	-	-	-	469.80
341	4,012.10	-	-	-	4,012.10
351	44,824.70	11,760.30	-	3,382.00	59,967.00
352	11,307.20	-	-	-	11,307.20
361	2,066.30	-	-	-	2,066.30
370	579.50	17,081.70	7,154.50	1,751.40	26,567.10
402	1,304.40	4,173.00	-	-	5,477.40
410	190.50	-	-	-	190.50
434	158.60	-	-	-	158.60
450	588,066.70	1,203,096.95	585,390.10	1,294,999.60	3,671,553.35
460	10,329.35	4,954.95	809.20	(15.30)	16,078.20
480	2,276.00	1,138.00	-	-	3,414.00
482	2,404.20	-	-	-	2,404.20
483	725.20	-	-	-	725.20
510	4,742.25	788.00	-	-	5,530.25
511	957.30	-	171.80	-	1,129.10
513	317,792.40	389,556.20	113,427.20	168,090.40	988,866.20
610	-	2,212.90	-	-	2,212.90
611	-	21,149.80	3,469.50	-	24,619.30
612	-	5,006.50	-	-	5,006.50
636	1,286,746.89	1,179,424.05	87,965.00	84,450.25	2,638,586.19
637	-	5.00	-	-	5.00
710	1,600.50	2,487.90	588.60	788.00	5,465.00
730	9,815.00	6,992.50	4,030.00	2,492.50	23,330.00
740	689.80	739.70	-	-	1,429.50
762	638,834.48	1,271,395.40	791,571.68	1,585,391.03	4,287,192.59
771	342.20	77.10	-	-	419.30
820	968.70	-	-	-	968.70
900	47,832.00	122,871.00	61,801.00	140,311.00	372,815.00
901	107,577.00	28,913.00	113,657.00	22,886.00	273,033.00
912	-	50,832.00	292,536.00	1,296.00	344,664.00
913	128,265.00	1,332,345.00	521,950.00	50,720.00	2,033,280.00
914	174,535.40	275,586.70	139,649.20	330,862.50	920,633.80
915	35,123.90	27,837.20	6,363.70	12,112.60	81,437.40
916	367.00	10,869.00	7,098.00	2,924.00	21,258.00
918	-	51,657.80	13,687.80	136,898.50	202,244.10
920	-	349.50	-	-	349.50
921	1,760.80	767.80	-	-	2,528.60
940	466,388.70	301,707.90	23,763.30	86,719.10	878,579.00
942	178.40	54.40	-	-	232.80
961	2,017,621.70	11,724,910.50	2,374,331.30	3,660,441.40	19,777,304.90
964	115,497.50	30,041.50	113,277.60	19,215.87	278,032.47
969	645,902.00	1,320,840.00	666,131.00	1,132,890.00	3,765,763.00
985	360.70	237.60	189.90	140.40	928.60
990	-	-	28,802.00	(388.00)	28,414.00
Grand Total	15,253,208.45	38,665,970.39	12,847,182.26	14,031,869.69	80,798,230.79

238,539.08 Non-STAR Clinic Revenue
81,036,769.87 Total FY 2010 Revenue

Note: Revenue Code = UB Billing Code

**Responses to May 18 Requests from Dena R. Diorio, Director of Finance,
Mecklenburg County Finance Department**

Item 1:

Request: *For FY2010 and FY2011 through March, provide gross charges by revenue code and payer type.*

Response: Data provided on attached spreadsheet.

Item 2:

Request: *For FY2010 and FY2011 through March, provide net charges by revenue code and payer type.*

Response: The requested information is not available because net charges are not recorded at a revenue code level.

Item 3:

Request: *Provide an extract of all billing data or all 837 and 835 files for the last 12 months. The billing data should be provided in tab delimited flat file. If this cannot be provided, copies of all 837 and 835 files to all payers will suffice.*

Response: Please provide the name or names and contact information of representatives of the County who can participate in a telephone conference with members of the CHS finance department to discuss specific questions about this request. CHS needs clarification on the specific data being requested and how to present the data in the most user-friendly format. By way of example, the billing software used by CHS creates consolidated billing and remittance data, so we will need to create processes for extracting the specific data. The amount of requested data is significant, so we want to make sure that we extract the data the County wants and put it in a file that is most easily reviewed.

Item 4:

Request: *For FY2010 and FY2011 through March, provide the revenue deductions split into contractual allowance, charitable write-offs, DSH payments and denials/no authorization, by payer type.*

Response: In process.

Item 5:

Request: *How much was credited into the net revenue for DSH payments for the last 5 fiscal years?*

Response: These amounts recorded to net revenue are associated with the North Carolina Medicaid Reimbursement Initiative.

FYE 6/30/06	\$2,469,309
FYE 6/30/07	490,411

FYE 6/30/08	1,198,628
FYE 6/30/09	1,404,383
FYE 6/30/10	2,755,963

Item 6:

Request: *For FY2010 and FY2011 through March, identify revenue for CMC Randolph by emergency room and inpatient for all admissions.*

Response: In process.

Item 7:

Request: *Provide copies of all negotiated contracts with insurance providers with agreed-upon fee schedules.*

Response: Not available because the requested information constitutes confidential and competitive health care information under Sections 131E-97.3 and 131E-99 of the North Carolina General Statutes.

Item 8:

Request: *For FY2010 and FY2011 through March, provide your detailed line item profit and loss with actual expenses on a monthly basis.*

Response: In process.

Item 9:

Request: *For FY2010 and FY2011 through March, provide your detailed line item budget compared to actual expenses on a monthly basis.*

Response: In process.

Item 10:

Request: *Intercompany expenses – provide the % that this represents of the total amount to be allocated to all entities; i.e. Courier is \$32,320 and this is 10% of the total costs (total amount to be allocated is \$323,200 with remaining 90% allocated to other facilities).*

Response: In process.

Item 11:

Request: *Provide payroll by position for the last 12 payroll periods: this should be by individual staff member without the name – just list the position.*

Response: In process.

Item 12:

Request: *Provide monthly headcount by program split between inpatient, emergency room/department and observation beds.*

Response: Data below is provided for employees as of 5/20/11.

Hospital Services:	Inpatient	153
	Emergency Room	34
	Observation	19
	Outpatient	40
	Clinical Support	95
	Operations Support	99
Non-Hospital Based Services:	Partial Hospitalization	19
	School-Based Services	11
	ACM Medication Clinic	16
	ACTT I	13
	Adult Partial Hospitalization	6
	Crisis Stabilization	20
Total Employees		525

Item 13:

Request: *Provide the amount of payments attributable to CMC Randolph for the last three fiscal years and identify where this is accounted for in the provided financial statements.*

Response: In process.

Item 14:

Request: *In the same list of concerns about the 1915b/c Medicaid Waiver, item number 10 addresses reimbursement for the Medicaid Reimbursement Initiative. Provide the amount of reimbursements attributable to CMC Randolph for the last three fiscal years and identify where this is accounted for in the provided financial statements.*

Response: Amounts are reported in Item 5 above and are recorded as a reduction to contractual allowances.

Item 15:

Request: *Please explain the differences between allocations in the Medicare Cost Report and the financial statements used to determine Mecklenburg County's required funding.*

Response: Mecklenburg County and Carolinas HealthCare System agreed, as reflected in the Joint Undertaking Agreement and the November 2010 report from Deloitte & Touche, LLP, that Carolinas HealthCare System would allocate costs for CMC-Randolph in the same manner that Carolinas HealthCare System internally allocates costs for other facilities it operates. Cost report allocations prepared for Medicare are separate and distinct calculations based on specific methodologies required by Medicare. The internal cost allocation system and the Medicare cost report costs are not intended to be, and are certainly not required to be, the same.